FINANCING HIGHER EDUCATION IN NIGERIA:
A CASE STUDY OF HASSAN USMAN KATSINA POLYTECHNIC.

BY

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DEPARTMENT OF BUSINESS ADMINISTRATION
FACULTY OF ADMINISTRATION
AHMADU BELLO UNIVERSITY, ZARIA

SEPTEMBER, 1999

DECLARATION

I hereby declare that this project is my own research findings and it has never been published elsewhere for the award of any degree.

ALIYU ILIYASU ABUBAKAR

CERTIFICATION

This project report: entitled "Financing Higher Education in Nigeria". A CASE STUDY OF HASSAN USMAN KATSINA POLYTECHNIC" by ALIYU ILIYASU ABUBAKAR, meets the regulation governing the award of the Degree of Master of Business Administration (MBA) of Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literacy presentation.

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DEDICATION

This project is dedicated to the following people whom I hold very dearly.

1. My father Alhaji Iliyasu Dan- Alhaji who very early in my life, have taught me the spirit of hard-work, patience and honesty.

2. My mother Late Hajiya Halima Iliyasu Dan-Alhaji who is an epitome of modesty and discipline.

3. My brother Late Mohammed Iliyasu Ruma (DSP) who supported me morally and financially.

4. My wife Mrs. Jummai Aliyu Ruma for her patience, encouragement and understanding.

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I wish to acknowledge my elder brother Late Mohammed Iliyasu Ruma (DSP) for his moral and financial support.

I also wish to congratulate my wife Mrs. Jummai Aliyu Ruma for her patience and encouragement throughout the period of this programme.

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ABSTRACT

Most higher institutions in Nigeria are characterized by the phenomenon of financial inadequacies and crises. Because of lack of fund, the institutions have abandoned a number of their development projects. There are many cases of abandonment of academic programmes and even closure of some departments. The aim of this research is to investigate the causes of financial inadequacies in higher institutions in the country and suggest ways of ameliorating the undesired situation. For this study, Hassan Usman Katsina Polytechnic is the case study.

The research consist of five chapters. The first chapter gives a brief history of funding of Hassan Usman Katsina Polytechnic. It also contained the objectives of the study, scope, significance and methodology. Chapter two give detailed literature review of methods of funding some selected higher institutions in the country and other parts of the world. Chapter three discusses expenditure patterns and method of funding the institution, Chapter four is the analysis of data and presentation of sources of revenue while chapter five includes observation, findings, summary and conclusions.

LIST OF TABLES

3.1 FULL TIME ENROLMENTS FROM 1980 TO 1989

3.2 RECURRENT CHARGES ON PROVISION OF FACILITIES AND SERVICES FROM 1979 TO 1989

3.3 CAPITAL PROJECTS

4.1 SELECTED SOURCES OF REVENUE IN HASSAN USMAN KATSINA POLYTECHNIC FROM 1980 TO 1984

4.2 SELECTED SOURCES OF INTERNAL REVENUE IN HASSAN USMAN KATSINA POLYTECHNIC FROM 1985 TO 1988

4.3 TOTAL REVENUE RECEIPTS

4.4 REVENUE FROM SUBVENTIONS 1980 TO 1989

TABLE OF CONTENTS **PAGE**

TITLE PAGE	i
DECLARATION	ii
CERTIFICATION	iii
ACKNOWLEDGEMENT	iv
DEDICATION	v
ABSTRACT	vi
LIST OF TABLE	vii
TABLE OF CONTENT	viii
CHAPTER ONE	
1.1 Introduction	1
1.1.1 Statement of Problems	4
1.1.2 Significance of the Study	5
1.1.3 Objectives of the Study	5
1.1.4 Scope of the Study	6
1.1.5 Limitation of the Study	6
1.1.6 Research Methodology	7
1.1.7 Order of Presentation	7
CHAPTER TWO	
2.1 Literature Review	9
2.1.1 Funding of Higher Education in Nigeria	10
2.1.2 Funding of University Education in Nigeria	12
2.1.3 Funding of American (USA) Higher Education	13
2.1.4 Canadian Universities and other Higher Institutions	15
2.1.5 British Higher Institutions	17
2.1.6 Indian Higher Institutions	18
2.1.7 Ghana Higher Institutions	18
2.1.8 Hong Kong Higher Institutions	20

CHAPTER THREE

3.1	Sources of Data and Methods of Analysis	24
3.1.1.	Students Enrolments	25
3.1.2.	Academic and Non Academic Staffing	27
3.1.3.	Recurrent Charges	28
3.1.4.	Capital Budgeting	32
3.1.5.	Current Funding Position	33

CHAPTER FOUR

4.1	Presentation and Data Analysis	36
4.1.1.	Subventions	41
4.1.2.	Grants in Aid	42
4.1.3.	Loans	42
4.1.4.	Unidentified Internal Sources of Revenue	43
4.1.5.	Partially Exploited Internal Sources of Revenue	45

CHAPTER FIVE

5.1	REVENUE COLLECTION	49
5.1.1	OBSERVATIONS	55
5.1.2	FINDINGS	56
5.1.3	SUMMARY, CONCLUSION AND RECOMMENDATION	57

CHAPTER ONE

1.0 INTRODUCTION

The methods of funding or financing higher education vary from one country to another and from one part of the world to another. In some countries, the funds needed for education are provided mostly by the government while in others funding is provided partly by the government, private organizations, individuals and other sources. For instance, the funds for British Universities and other institutions of higher learning "are derived from three main sources; government grants (around 62%), tuition fees (around 12%) and research grants contract and other services (around 19%). And since the greater part of the income of most universities come both from fees and research grants from the government, they are heavily depended on public funds. Very little come from donations or endowments. Very little also comes from local authorities"[1]. Most Commonwealth Universities and Institutions of Higher Education are financed and funded by public funds. For instance, "Indian Universities are largely funded by the State"[1]. In some other countries like Canada, Hong-Kong, Kenya and Ghana, financing of higher education is mainly by the Government.

In U.S.A, higher education is financed through four principal sources. These are the States and Federal Government appropriations, philanthropic gifts, students tuitions and endowment earnings. These four major sources have supplied the incomes for educational and general purposes of institutions of higher learning in the U.S.A.

From these cited examples, it is concluded that education around the world today, is to a large extent financed by government and

supplemented by other sources such as tuition fees from students, research grants and other paid services provided by the institutions. Also philanthropic organisation, endowment earnings and other miscellaneous collections, represent other sources of funding.

Hassan Usman Katsina Polytechnic like most public organizations in Nigeria relies almost completely on government subventions for financing its capital and recurrent expenditure. This over-dependence on government for funds inspite of substantial legal powers and constitutional provisions available to it to generate its own revenue has greatly affected the institution since its existence. In this study, surveys of subventions as well as internally generate and collected revenues are made with a view to analyzing and determining their respective levels of contributions to the funding of Hassan Usman Katsina Polytechnic. The factors that have exhibited full exploitation of the internal revenue sources are also examined. Government is charging public institutions to develop new methods and means of revenue generation to supplement government efforts in financing their budgets, the recommendation of this study will focus on how to improve revenue generation and collection in Hassan Usman Katsina Polytechnic.

"Survival is the goal of any human endeavor. Revenue Wealth is the basic instrument for survival. Its collection is as important as its existence. Its good management completes the tripartite whole on this economic power sources"[3].

Historically, people wage wars against one another mainly because the aggressor wants to annex or collect the revenue created wealth. The defenders resist the attack against the aggressors because their survival lies on the preservation of the revenue generated wealth. "Colonialism

and imperialism have seen, are existing and will continue to be perpetrated by those people of the world who think they are more entitled to life, but so also has resistance been, is and will continue to be a commuter action because the wealth nations too are entitled to life"[4].

Thus, the independence and survival of any group of people or organizations be it economical, political or social, depend on the ability to identify, generate and collect revenue wealth. Hassan Usman Katsina Polytechnic is not an exception. It has to protect, generate and collect revenue for its continued existence.

The front line (advanced or developed) European countries have reached their present level of development because of their foresight and successful adventures into the "new worlds". They came, conquered and collected their revenue resources. "Traditionally agrarian Europe and American were no better than traditionally agrarian African economically, politically or socially"[5]. But with their industrial revolution and the finances collected from the vanquished they developed their social, economic, political and military sector. In the process they created the phenomenon of the third world today. In contemporary history, we therefore have terms like "advanced or developed countries", and "third world countries".

During the golden age and cocoa age, Ghana was an influential country in Africa and was reckoned with in international politics. It was Africa's mouthpiece. This fore-front position was attributed to the nations revenue wealth derived from these two highly demanded commodities. When the wealth and politics of gold and cocoa gave way to those of oil; political and economic power shifted from Ghana to Nigeria and other petroleum producing African States in international relation.

Now that the position of oil wealth is declining and the imperialists are succeeding in manipulating oil sales, world attention is tilting from the influence that the Organization of Petroleum Exporting Countries (OPEC) can weld in the global politics and economic scenes.

Thus, it can be said that the strength power and survival of any organization, country or individual depend to a large extent on its ability to generate, protect and collect revenue wealth.

The foregoing discussion is a brief general illustration of the importance of revenue wealth and its collection. Higher institutions of learning need to generate and collect more revenue in addition to the subventions and grants and other monies they receive in order to meet their operational expenditure adequately.

1.1.1 STATEMENT OF PROBLEM

The problem which has led to this study is the phenomenon of declining finance of Hassan Usman Katsina Polytechnic. This continuous financial depression of Hassan Usman Katsina Polytechnic has reached an alarming proportion thereby threatening the continued existence of the institution.

The rector of the Polytechnic has once declared in one of his speeches that attention must be drawn to the state of finances of the Polytechnic, stressing that throughout the history of the institution, they have not had it so bad and that the state government should give more to the institution.

Similar alarms and warning of financial predicament of the of the institution have continued for the consequent years. And even up till this

time the problem of financial depression, shortages and insufficiency has not been solved.

1.1.2 SIGNIFICANCE OF THE STUDY

A number of appreciable statements from important and knowledgeable personalities are pointers to the place and roles of training institutions in technological manpower development in Nigeria and Africa as a whole. It is the bedrock of technological breakthrough if well managed and developed. However if such important institution's development is prevented for lack of funds, it is quite regrettable. It is therefore worthwhile to research into the causes of continuous financial depression, shortages and inadequate supply of funds to the institution, study them carefully and recommend solutions to improve the shortages. Such recommendations could be useful to the management of the polytechnic.

Another important point to mention why this study is significant is that Hassan Usman Katsina Polytechnic provide a forum or opportunity for national integration and unity for national integration and unity of our beloved nation as the students are drawn from across the nation eventhough it's a State Polytechnic. Apart from acting as a medium of integration and unity of the people of this country the institution provides jobs for thousands of Nigerians ranging from the highly skilled, semi skilled, skilled and unskilled labour.

It is therefore important that every effort such as this research should be made to sustain the institution's existence.

1.0.0 OBJECTIVES OF THE STUDY

This research work is aimed at achieving the following objectives.

I. to determine the sources of revenue in Hassan Usman Katsina Polytechnic.
I. to evaluate the needs for revenue collection in Hassan Usman Katsina Polytechnic
I. to determine whether or not the sources and collected revenues are adequate for financing the Polytechnic required expenditure.
I. to determine and evaluate the methods of collecting and managing revenue in the institution and confirm whether it complies with accounting principles.
I. to make appropriate recommendations on the basis of the findings of the study.

1.1.4 SCOPE OF THE STUDY

This study is to examine the effort Hassan Usman Katsina Polytechnic has made to supplement the State Government financial support in terms of acquiring revenue. Emphasis here is placed only on Hassan Usman Katsina Polytechnic because of its uniqueness.

1.1.5 LIMITATIONS:

In writing this project, a number of obstacles were encountered. These obstacles include the following:

a) Some of the records observed were haphazardly kept such that some parts of the relevant records were not easily found for use. The project work had to be stopped from time to time in order to find the completed data. This led to the undue delay in completion of the project.

a) Financial Constraints: This project is wholly financed by the researcher without support from any where else. From time to time the research has to be stopped due to lack of money to but materials for writing this project. The researcher has to borrow money from a number of sources to finance the project. This act led to the delay and made the exercise difficult.

a) Time constraint: As at the time of writing this project, the researcher also was facing office work squarely. Thus, he has to split time between the project work and the office work. This led to the delay of completion time for this project.

With all these constraints the project was finally completed. It is hoped that it will be a modest contribution to the update of literature of funding of higher education in Nigeria.

1.1.6 METHODOLOGY:

The study was conducted at Hassan Usman Katsina Polytechnic premises. The choice of Hassan Usman Katsina Polytechnic as a focus of this research was influenced by a number of factors.

Firstly, the institutions has a well defined functional departments which makes data collection and relevant documents easy. Secondly, the proximity of the institution which makes the collection of information easier also influenced the choice of this institutions.

1.1.7 ORDER OF PRESENTATION:

This project is presented in five chapters. Chapter one contains the introduction. It introduces the topic of the project. The Chapter also contains the statement of problem, objectives, scope of the study,

methodology, limitations and order of presentation of the topics of the project.

Chapter two is the literature review of methods of funding higher institution in Nigeria and other countries outside Nigeria while chapter three focuses on analysis of data. Chapter four examines the sources of revenue generation and process of collection as well as sources of funds in Hassan Usman Katsina Polytechnic.

Chapter five is devoted to summary, conclusion and recommendations.

FOOTNOTES

1. Commonwealth Universities Year Book 1988 Vol. III p 1485

1. P. E. Udogwu: Towards Improving Revenue Collection in Hassan Usman Katsina Polytechnic, 1982

1. Gilbert Obionwu: Imperialism I foresee its Collapse. October, 1982.

1. R. K. Udo: Ground work of Nigerian History. 1981.

1. Federal Republic of Nigeria:Federal Government Gazzate No. 38, 1979

CHAPTER TWO

2.1 LITERATURE REVIEW

The methods of funding higher institutions of higher learning vary from country to country. The methods adopted depends on the type of government and its educational policies. In some countries, the funding of higher institutions is a responsibility of the central government while in some other cases, the financial responsibility is shouldered by the central, state and local government authorities. It is observed that in most countries of the world, higher institutions depends largely on government for their fund requirements. Institutions of higher learning in Nigeria, including universities, polytechnics and others are financed by government (that is federal and state governments respectively). Other sources include monies internally generated by the institutions themselves and some times donations/gifts and aids from private organisations and foreign countries.

Hassan Usman Katsina Polytechnic receives subventions from the state government and some special grants from other sources to fund its academic programmes, It also adopts numerous methods of generating money internally. Compared to other polytechnics and other higher institutions in Nigeria, discussed in this project, Hassan Usman Katsina Polytechnic showed to have more means of generating and obtaining fund. And yet, the institution faces financial problems. This project shall discover the causes of financial problems of the institution and make recommendations.

This chapter will review the methods of funding higher institution in Nigeria and other part of the world to discover alterative channels of financing higher institutions in Nigeria.

2.1.1 FUNDING OF POLYTECHNIC EDUCATION IN NIGERIA

Polytechnics and colleges of science and technology are post secondary institutions which are designed to produce various technological (technician) manpower which are crucial to the economic health and development of the country.

All the polytechnics in the country are either financed by the federal or state governments. Apart from government funding where applied, the polytechnics derive money from other sources such as course fees, sales of admissions forms, fees collected from external examinations conducted, Consultancy services, interest on bank deposits, loans, aid from private organizations, and or foreign governments, sales of unserviceable items, revenue from the use of the institution's premises and money from sundry sources.

These means of generating revenue available to the polytechnic vary from polytechnic to polytechnic and the revenue flow from these sources constitute only a small percentage of the fund requirements, of polytechnic institutions. The bulk of the fund requirements of the polytechnic institutions in Nigeria is provided by government. In the case of federal polytechnics (that is polytechnics owned by federal government) the institutions get their funds from federal government through National Board for Technical Education (NBTE) and fees charged for certificate courses. Other sources of internal revenue are sales of admission forms, contract registration fees, and rent from official residences.

Here we shall consider some selected federal polytechnics and their funding patterns.

Federal Polytechnic Bauchi derives about 94.5% its fund needs from federal government grants and the remaining 5.5% from internal

sources such as fees charged for certificate courses, sales of admission forms, contract registration forms, and rent from official quarters.

Federal Polytechnic Mubi derives its funds from Federal Government through NBTE and the following internal sources are also sources of revenue generations:

1. Sales of admission forms
1. Contract registration fees
1. Proceeds from Hotel and Catering Services
1. Fees from Certificate Course
1. Rent and electricity bill from staff quarters.

In the case of state owned polytechnics, the fund requirements come from the owner states and other internal sources. For instance, Benue Polytechnic Ugbokolo is a State owned polytechnic and is funded by Benue State Government. The fund comes in the form of grants from the state government and fees charged to students. Other sources are the sales of admission forms, fee from external examinations conducted, rent from staff quarters, sales of unserviceable items, electricity bills from staff quarters e.t.c.

The fees charged for National Diploma per annum is N1,200, Higher National Diploma in N1,700, Advance Diplomas is N17,000 and Post Graduate Diploma Courses is.

Apart from the subvention from the State Governments, Hassan Usman Katsina Polytechnic derive revenue from the following sources.

1. Sales of Application forms
1. Courses fees
1. Examination fees
1. Hostel fees

1. Training restaurant receipts
1. Survey project receipts
1. Consultancy services
1. Revenue from printing
1. Staff school receipts
1. Rent from quarters
1. Electricity bill from staff quarters
1. Water rates
1. Sales of unserviceable items
1. Interest on deposits
1. Registration and proceeds of tenders
1. Mechanical center receipts
1. Rent from kitchen facilities
1. Miscellaneous services
1. Donations/gifts and special grants
1. Rent fees from the use of polytechnic property and premises.

From the list of sources of revenue available to Hassan Usman Katsina Polytechnic, it is true that the institution has more means of generating revenue compared to other polytechnic in the country. It is therefore surprising that the institution is still not adequate financially. However, these will be discussed in subsequent chapters.

2.1.2 FUNDING OF UNIVERSITITES IN NIGERIA

There are well over twenty universities in Nigeria serving a population of well over 120 million people. They stand at the apex of a broad based educational system in a country that avidly pursued education as a sure means of attaining a better and fuller life. "The universities themselves are expected not only to produce the high level

manpower but also to make positive contributions to the overall development of the country"[1].

Nigerian universities are generally funded by the federal government through grants and special grants to the universities as well as their internally generated revenues.

2.1.3 FINANCING OF AMERICAN (U.S.A) HIGHER INSTITUTIONS:

"American higher institutions are financed through four principal sources. These are philanthropic gifts, student tuition fees, endowment earnings and fourthly, state and federal government appropriations. These four major sources have supplied the income for educational and general purposes of institutions of higher education"[3]. The relative contribution and importance of each of these sources vary considerably from time to time.

PHILANTHROPIC GIFTS:

Philanthropic gifts have not in the past provided a large percentage of the total operating income of higher education in the United States. This is because most donors have preferred to give their gifts for endowment or building rather than for supports of current programmes. Their effort have resulted in substantial increases in gifts, available for current purposes.

In most colleges and universities Alumni and other interested persons are encouraged to contribute to annual financial campaign whose proceeds are available for unrestricted purposes. These campaigns have resulted in interesting many donors whose relative small annual gifts add up to a significant total. The success of such effort, is indicated by the

fact that amount of income from private gifts and grants in 1949 to 1969 was in excess of $600 million dollars.

GOVERNMENT APPROPRIATIONS

Government support for higher education in the United States comes from three major sources; the local, state and federal governments. The contribution of local government to education has been small except in such instances as City Universities of New York, but the State Government has continuously provided funds towards the creation of the State Universities and Colleges that constitute such a segment of the American high institution prior to the second world war the federal government was contributing relatively small sum of money towards education, but now it has become one of the largest supporter, although a major portion of the support has been in the form of research grants and contracts.

PHILANTHRPIC FOUNDATION

In 1969 there were approximately 26,000 foundations in the United States with a total assets of $25.2 million. About one fifth of the foundations (5,454) had assets of at least $500,000 or made grants totaling $525,000 or more during the year to United States higher education. The grant reported on the foundation centers, annual grants exceed $1 billion for the first time in 1971. Education accounted for about 1/3 of the total. It should be kept in mind that some of the funds for such other purposes as international activities, science and humanities were channeled through educational institutions. Thus its likely that as much as 50% of the total foundation grants went through education broadly defined.

Of the one-third of a billion dollars going into education, slightly, less than half (47%) was directed to higher education.

In the United State where education controls and operations were decentralized, numerous voluntary educational associations have been formed to provide direction, leadership and assistance to their members. Through such associations members were asked to cooperate in the formulation of educational policies and practices. The association of American Colleges which seek to promote high education in Liberal arts Colleges is one of such organizations. The association of American Universities with a membership of 48 major universities seek to maintain a high quality in graduate and professional education. The national association of state universities of state colleges and universities and the American association of community and junior colleges all have their major objectives of the development of their constituent membership.

These methods of funding education adopted by Americans are predominantly what apply in Nigeria. Most Nigerian higher institutions depend largely on government for their operating financial requirements.

2.1.4 CANADIAN UNIVERSITIES AND OTHER HIGHER INSTITUTIONS

The operating expenses in Canadian high institutions come from a number of sources but government operating grants are the most important sources. In some small universities, direct government fund can account for as much as 90% of operating budget. "Overall 71.1% of total university income come from government in 1984-85. Donations, the sale of services or products and investment in income accounted for about 17.9%. Student fees cover about 11.1% of university income. A complete cost accounting that took account of tax, remission on fees and donations,

non-payable government bursaries, various summer employment schemes for students etc will increase the percentage of income coming from government". The small amount coming from fees relative to some American institutions in partly the result of provincial government policies that have either directly or indirectly kept fees from rising in proportion to increases in costs of running the institutions.

To talk of funding from government without specifying which level of government, federal or provincial, however is to conceal one of the most serious problem facing the universities today.

As reported from records available in Common Wealth Universities year book 1988 as from 1945 to 1976, the federal government gave direct operating support to universities. The provinces and the federal government supported funding of education by cost sharing arrangements. In 1977, however, new legislation promulgated altered the federal-provincial fiscal arrangements and established programme financing act, 1977, now called E. P. F. This act changed the principle of federal finance support for post secondary education.

The legislation does not build the provinces to spend any particular amounts on post secondary education and since 1977, the proportion of higher education fund derived from the provinces has declined compared with that derived from the federal government.

The federal government and the provinces disagree on the intention of the legislation and the universities have been in some danger of been caught between the two levels of governments. A detailed account of this situation is contained in 'A' W. Johnson's report for Canadian Universities. According to part of the report, the increase in federal

transfer share or the decrease in provincial share of financing post secondary education between 1947 – 78 and 1984-85 was 10% for individual provinces, the increases in federal share ranged from 3.5% for Quebec to 15, 22.5, 23.5 23.6 and 25.4%s for Ontario, Manitoba, New founded land and British Colombia respectively.

It can therefore be said that the current problems of Canadian higher institutions is overwhelmingly financial. Indeed, two institutions, the Atlantic institute of education, Nova Scotia and the David Thampson Centre and British Colombia were closed down after their funds were cut off by the respective government. Elsewhere, the provincial government have been exerting pressures on universities and other higher institutions to close departments. The failure of funding to keep pace with increased costs and increased enrolments undoubtedly exacerbates all problems.

The pattern of funding and problems of higher institutions in Canada took similar with that of Nigerian higher institutions. This is because the institutions largely depend on government funding and the sharing arrangement of funding in some institutions. In some State Polytechnics, College of Education, Advance Teachers College, College of Technologies, and School of Basic Studies are funded and financed by the respective owner States that established such schools.

Some of the Universities that are not federally owned depended largely on the owner States for their financial needs and received parts from federal government and other miscellaneous sources like loans and other incomes generated by the Universities respectively.

2.1.5 BRITISH HIGHER EDUCATION

"The British Universities derived income from three main sources. The include government grants, students tuition fees and research grants, contracts and other services. The contributions of these sources of income to British higher institutions finance in as follows; government grants amount to 62%, tuition fees consist of 12% and research grants, contracts and services make up 19%. Very little around 7% comes from endowment, donations or subscriptions and very little also from local authorities. British higher institutions largely depend on public funds for their financial requirements because a large percentage of their income comes from fees and government research grants"[2].

The popular means of financing adopted by British Universities are applicable to most Nigerian higher institutions. For example, most of our higher institutions receive their incomes from government grants and subventions, student tuition fees and consultancy services. One could say that Hassan Usman Katsina Polytechnic has employed a very sophisticated methods of generating revenue for its support yet the institution still has financial problems.

2.1.6 INDIAN HIGHER EDUCATION

The funding of Indian higher institution is somewhat similar to those discussed before in this chapter. Except in some minor areas, the financing pattern is common to those of Nigeria and other Commonwealth countries.

As reported in Commonwealth Universities Year Book 1988, Indian higher education is largely funded and financed by States. It is usually referred to as maintenance expenditure. In respect of development, expenditure is shared between the State and the Centre,

though to be sure, in respect of State government. Development in this context refers to or relates to both the development of capital assets like building laboratory, library, creation of new teaching posts and other auxiliary facilities.

An established body known as Universities Governing Committee (U. G. C.) on behalf of the Central government provides a certain percentage of the expenditure and the rest is expected to be provided by the State government. It is als said that about 1/3 to ½ cases, the States do provide matching shares. For the rest even the U.G.C. funding does not become available to the State Universities because the State has failed to provide the matching funds. From these discussions so far, it is obvious that the State Universities in Indian have difficult time as far as financing is concerned.

The Central Universities (in Nigerian case, the federal universities) both maintenance and developments come from the U.G.C. The central higher institutions therefore have better financial stand and can breathe much more freely and develop their facilities, academics and others without some tugging at their sleeves all the time. The State Universities envy this state of affairs of the Central Universities. Although, it should be noted that the central universities atimes grumble about finance inadequacies too.

In the case of agricultural universities, the state government provides maintenance as well as development grants. But libral grants for development purpose are also given by the I. C. A. R.

The funding of College is neither clear nor particularly rational. In any case, there are many more colleges than there is the need for. Thus if

they do not receive the needed fund as they expected, it is largely because they are felt to be unvanted.

2.1.7 GHANA HIGHER INSTITUTIONS

In Ghana funding of education almost a 100 percent a responsibility of government. The history of most Ghanian Universities and Colleges of Technologies have no any other sources of revenue than grants from government purse. For instance, it is on record that in 1986 – 87, University of Cape Cost total operating income of 890,320,707 was totally subvented by the government of Ghana. There was no record of any external income. This means that the University depended 100% on government for all its fund requirements.

Similarly University of Ghana's total operating income of 653,173,427 in 1986 was subvented by government up to the tune of 98.9%, tuition accounts for .2% and other miscellaneous income amounts to .9%. The records of funding of other higher institutions follow the same pattern of financing.

Ghanian higher institutions have shown the highest degree on dependence on government for its fund requirement. There is no indication of any internal efforts made to generate funds to supplement national government effort. Unlike Ghana, most Nigerian institutions undertake internal generation of funds to supplement government grants and subventions.

2.1.8 HONG KONG

Financing of higher education in China reflects what has been discussed about other parts of the world in this literature. Government invest high on education eventhough the population of students remain

small. Hong Kong higher institutions receive modest and, apart from special renovation and rebuilding funds, an unvarying subvention from the government.

From Commonwealth Universities records 1988, by 1951-52 with only 852 students, inflation has forced the university budget into difficult, relieved by a government vote and by a promise that future year by year subventions will be realistic.

The established body known as university and polytechnic grants committee is responsible for advising government on subvention relating to triennal plans and financial estimate submitted by universities, the polytechnic and Baptist College. Its membership is drawn from United Kingdom, and Commonwealth Academic and distinguished local citizens.

In Hong Kong, universities annual recurrent expenditure is almost HK 618 millions of which more than 80% subvented by government. For the Chines University, the corresponding figures are HK 485 millions and 90% subvented by government. The remaining percentages come from fees and other miscellaneous sources. Endowment income almost non existence in Chinese University but accounted for about 8% of the budget of University of Hong Kong.

The mixing of University with Polytechnic financing imposed an uncomfortable leveling process at the hands of the university and polytechnic governing committee. Strain is evidence in the adjustment which universities in particular have seen compelled to make at a time when Hong Kong is still expanding it education.

Essentially Hong Kong higher institutions depend on government heavily for financial needs. The percentages of sources of finding is so small to be significantly meaningful.

Judging from this literature review of these sample institutions of higher learning in Nigeria and other countries, it is clear that the funding of higher institutions of learning is by government and supplemented by internally generated revenue by the institutions. Government contributes more than half of the fund requirements of the institutions while the remaining small amount is generated internally from other sources.

FOOTNOTES

1. National Board for Technical Education: The Directory of Technical and Technological Institutions in Nigeria: Published by the Planning Division N. B. T.E. Kaduna 1985, p. 21.

2. Commonwealth University Year Book, Directory to the University of Commonwealth and a hand book of their association 1988 Volume 31- Appendices, Published Annually, Printed in Britain by the Bath Press Avon p. 2255.

3. American Universities and Colleges Thirteen Edition 1987: (Walter de Gruyter in Collaboration with American Council on Education, I Dupout Cirde Suite 801, Washington DC. USA. P. 49

4. Commonwealth University Year Book Volume 2 C-H, 1988 Printed in Britain by the Bath Press Avon. P. 199.

CHAPTER THREE

1.0HISTORY OF FUNDING HASSAN USMAN KATSINA POLYTECHNIC

Hassan Usman Katsina Polytechnic is owned by the Katsina State Government. The State Government is largely responsible for funding of the Institution. When the school was established in 1972 as Katsina College of Arts Science and Technology KCAST, it received financial assistance from the federal government up to 1980 when the federal government financial assistance (i.e. 50% subvention of annual budget) was withdrawn in March; same year. A small proportion of the institution's income also comes from the private sector. The funds provided for the institution were received in the form of subvention. The institution receives its subvention from the State Government and other private sectors.

From the time of inception up to 1979, the bulk of the revenue of the institution was subventions from the state government represent 5% including private sector contribution.

The techniques of investigation adopted in this study is the primary, secondary and oral interview methods of collecting information.

I. **The Primary Sources:**. The researcher adopted oral interview method also for the purpose of this project. Oral interview were administered to management staff and other categories of staff of the institution that could make constructive comments and relevant suggestions about the problem investigated

I. **Secondary Sources:** This source includes files, reports, seminar papers, monthly magazines, brochures and other relevant textbooks consulted.

The overall response from the workers was very high. Most of them were enthusiastic about the questions administered to them and were very cooperative in making comments and suggestions. A few of them asked whether the result of this research will be communicated to them.

The few problems encounted by the researcher include the difficulty of meeting some offices at convenient time to be interviewed.

3.1.1 Students Enrolments

During a national conference on manpower constraints held in Lagos ion 1978, it was categorically state that "there is a general manpower shortage in Nigeria and ….. the greatest manpower shortage is at the intermediate and high level technical levels".[2] These revelations were made at Lagos conference and a general call was made on Polytechnics in the country to intensify their efforts to supply the country with the needed manpower requirements at all levels. Responding to this national challenges, Hassan Usman Katsina Polytechnic has engaged her self in massive graduate production programme in various technical and managerial levels. As reported by P. E. Idogwu (1968), … "the institution also in agreement with the State Government, embarked upon the expansion of commercial, humanities and related curricula". [3] To support this statement, available records show that student enrolments in Hassan Usman Katsina Polytechnic from 1980 – 1989, has increased enormously from year to year as shown by table 3.1 below. Thus, the population of students ranges between 845 students in 1979 to 5692 in 1987 and 7920 and 8656 in 1988 and 1989 respectively.

Because of these increase in student's population, the cost of providing facilities to the students have also increased correspondingly. For instance it was recorded that by 1984, the cost of providing facilities to students was N1,738,000 as compared to N120,000 in 1979/80. As the students population kept on rising so also the expenditure on providing facilities continued to increase. As shown in Hassan Usman Katsina Polytechnic Approved Annual Estimates, approved annual estimate for 1985 was N290,000, and N340,000 and N380,000 for 1986 and 1987 respectively. In 1988, the approved figure was N457,500 and N462,500 for 1989.

Table 3.1 below shows the number of students enrolment in the three campuses from the period of 1980/81. From the table is shown that the student enrolment continue to increase from year to year. The range of enrolment in College of Science and Technology (CST) is between 248 to 2697 students while that of College of Administrative and Management Studies (CAMS) is between 597 to 2365 students and College of Legal & Extra Moral Studies stood at 1827 students.

Table 3.1

Hassan Usman Katsina Polytechnic – Full-Time Enrolments from 1980 – 1989

PERIOD	CST	CAMS	CES	TOTAL
1980/81	3,847	2,942	1,634	8,853
1981/82	4,233	3,262	1,477	8,926
1982/83	-	-	-	-
1983/84	4,025	3,100	1,495	8,620
1984/85	3,818	2,877	1,153	9,556
1985/86	5,278	4,048	1,931	11,257
1986/87	5,748	4,531	1,942	12,219
1987/88	5,459	4,713	1,784	11,956
1988/89	4,697	4,365	1,782	10,844

Keys: CST College of Science and Technology
CAMS College of Administrative and Management Studies
CLM College of Legal & Extra Moral Studies

Sources: Hassan Usman Katsina Polytechnic Statistics Office
Records for Students Enrolment

The figure above shows the figures of student enrolments in the three colleges of Hassan Usman Katsina Polytechnic from 1980 – 1989

3.1.2 Academic and Non-Academic Staffing:-

Academic Staff for the Polytechnic was project to increase from 758 in 1980/81 to 1,066 in 1984/85. This would give an overall staff/student ratio of 10:1 as recommended by United Nations Education, Science and Cultural Organization (UNESCO). In addition to the academic staff supportive staff for the general administration and academic areas are recruited. The cost of providing salaries, and other remunerations to both the academic and non academic staff was projected to be" .... N7,957,069 in 1980/81 to N13,817,941 in 1984/85". [4] Within the same period staff development cost was estimated at N2,150,000. [5] As obtained from Hassan Usman Katsina Polytechnic Approved Annual Estimates, the expenditure on staff facilities was N1,600,144 in 1986 and N1,742,745 in 1987 while between January to August 1988 a total sum of N1,995,596 was expended although the approved figure for the year was N3,380,000. The proposed figure for 1989 is N3,300,000.

Just like we have seen in the expenditure pattern of student facilities, the expenditure on staff matters continue to increase from year to year as the staff strength increases staff development expenditure also continue to rise at the same astronomical manner. The figures quoted from the

Annual Estimate for 1986 is N391,945 and N22,371 for 1987 and N37,525 for 1983 from January to August. The approved figure for 1986 is N100,000 while the proposed for 1989 is N250,000. This rise in development expenditure is due to the fact that as more staff are hired, the more the need for training the new staff. Also there is an increasing need for retraining of old members of staff for efficiency and increase in productivity of the staff members.

3.1.3 Recurrent Charges on Provision of Facilities and Services:

Recurrent charges here refers to costs or expenses incurred by Hassan Usman Katsina Polytechnic school authority providing facilities as and services for its students and staff. Recurrent expenses are expenses that occur from time to time in the course of running the school affairs. Recurrent charges on all facilities and services are normally calculated and the total ground figure is given for the years of activities.

In managing institution of higher learning in Nigeria, the authorities provide facilities and services for their students and staff to ease the learning process. The costs of providing these facilities and services are enormous. It usually runs into thousands of Naira, though the cost vary from institution and amount of fund depending on the size, population and amount of fund available to the institution. The provision of these facilities are indispensable in running institutions because they are instrumental to effective learning.

Therefore school managers or authorities cannot run away from such responsibilities, if their planned objectives of the institutions are to be achieved.

Hassan Usman Katsina Polytechnic provides a variety of facilities and services for its students and staff in order to create a conducive atmosphere to induce effective learning. It costs the school authorities huge sum of money to provide these necessities and the amount expended has shown inherent characteristics of increase from year to year as the population of the students and staff continue to grow. The range of facilities and services provided by Hassan Usman Katsina Polytechnic are as follows:

(1) Academic Facilities:

This included equipments and materials (consumables), departmental boards and committee, fees for examiners, graduation day ceremony and prizes, academic gowns, purchase of library books, SIWES supervision, field study, industrial visit/teaching practice, equipment replacement and updating, research and development , staff development, field training, open day exhibition etc. These range of activities are undertaken to estimate academic staff and students in the various departments for effective teaching and learning.

(2) Administration Charges

This includes transport and traveling facilities, office expenses, equipments and materials (consumable), telephone, postal and telegraph services, electricity, water rate, publications, advertising, printing, board conference and committee, entertainment and hospitality; ground rent/rates, audit fees and expenses, up keep of N.Y.S.C. These set of services are provided mainly for the administrative staff to enable them carry out their supportive services which are also very vital for learning process.

(3) Student Facilities:-

This includes provision for student amenities; contribution to students sports, sport equipments and facilities, maintenance of students hostels etc. These set of services are provided for students directly for their immediate satisfaction and relief.

(4) Staff Facilities:-

The items considered here are contract gratuities, pension and pension contributed to seconded staff, passages, senior staff common room, rent of senior staff quarters, staff housing loan, furniture loan, car loan, staff school operations, staff uniforms, grant to staff amenities, legal charges, consultation fees, contribution to professional bodies and associations.

(5) Medical Facilities:-

The school also provide medical facilities for all categories of students and staff of the institution. The school provides medical expenses to staff, equipments and material in the various units or colleges of the institutions, external medical facilities etc.

(6) Property Maintenance:-

Property maintenance expenses include insurance, motor vehicle maintenance and running cost, furniture for staff quarters, renovation of staff quarters, maintenance of academic and office buildings, minor work, casual labour, maintenance of staff quarters etc.

(7) Maintenance of Revenue Generation Expenses:-

Under this one have farm operation. Although in recent past the farm operation has been phased out of Hassan Usman Katsina Polytechnic activities.

All these activities undertaken are aimed at providing necessary facilities and essential services to both the students and staff of the Polytechnic with the prime objective of the creating conducive learning atmosphere.
It has to be noted that there is no strick demarcation in the utilization of the facilities and services provided as distinctly classified in this write up. The classification here is for the purpose of clear understanding and precision.

There is no doubt that in an attempt to provide these facilities Hassan Usman Katsina Polytechnic has incurred a lot of costs and expenses. A break down of the expenditure figure for the period under study is given in table 3.2 below. The figures in the table show that Hassan Usman Katsina Polytechnic has spent and will continue to spend more on provision of facilities and services. To be able to cope with this increasing expenditure on services, it has to generate more funds to supplements its subventions and grants from the government.

TABLE 3.2 RECURRENT CHARGES ON PROVISION OF FACILITIES AND SERVICES FROM 1979 – 1989

PERIOD	ESTIMATED AMOUNT
1979/80	6,017,450
1980/81	7,047,635
1981/82	7,560,635
1982/83	8,152,000
1983/84	13,395,000
1984/85	11,124,228
1985/86	11,914,876
1986/87	11,270,000
1987/88	16,693,500
1988/89	18,589,750

Source: Hassan Usman Katsina Polytechnic from 1979 to 1989

3.1.4 Capital Projects:

Another source of heavy expenditure in Hassan Usman Katsina Polytechnic is capital project programmes. In Hassan Usman Katsina Polytechnic, two distinct development plan periods with separate capital project development plan can be identified within the period covered by this research (i.e. 1979 – 1989). These are the Polytechnic development plans for 1981-85 and the current plan period for 1988 – 1992.

During the 1981 – 85, the Polytechnic plan to execute 77 capital projects which were estimated to cost a total sum of N56,898,900. The breakdown of the figure is as follows. Building to cost N36,721,520. infrastructure to gulp N5,110,000 and equipment and vehicles, N15,067,000".[8]

TABLE 3.3

CAPITAL PROJECTS

i.	Building	N36,721,520
i.	Infrastructure	N5,110,000
i.	Equipments and vehicles	15,067,000
		N56,898,520

Source: Hassan Usman Katsina Polytechnic Fifth Development Plan 1988 – 1992 p. 12

A close look at the foregoing planned activities and expenditure of the Polytechnic within the period under study indicates that for the school to achieve the target set for it within its plan periods, needs extra efforts to raise funds required for its operations. The realization of the fact that the transformation of the country's economy depends on the nation;s ability

to achieve technological emancipation underscores the need to collect and treasure fund for the institution's requirements.

1.0 HISTORY OF FUNDING OF HASSAN USMAN KATSINA POLYTECHNIC

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1.0.0 Internal Efforts:-

Another source of funding Hassan Usman Katsina Polytechnic is through internal efforts of revenue generation. At the initial stage of establishment of the institution this source of revenue contributed very little funds to the institution. This was because of the liberal revenue drive policy adopted by the institution with regard to payments of fees and charges for services to the public. For instance it was observed that "from 1979-1982 application form were issued to applicants free of charge." [10] (It was noticed that sales of admission forms now constitute and major source of internal revenue). Course fees for diploma students was only N100 per session for all students as compared to N150 to N300 per session now.

Another factor that explains the smallness of contributions of internal revenue sources to the Hassan Usman Katsina Polytechnic revenue initially was that, at that beginning period, it was not necessary to expend

the revenue base. Expenditure plan were made according to what the owner states were prepared to give (Idogwu) 1986.

Between 1978 and 1980, there were 22 academic departments. Out of this total, eleven department were created between 1978 – 1 9980. This expansion programme was made possible because of the state government financial support of 50% matching grants to the institution. Initially the flow of the promised funds was continuous.

Thus new sources of revenue generation were discovered which include

i. Consultancy
i. Proceed from printing works
i. Interest earn from banks
i. Charges on survey projects
i. Charges on farm services 12.

From 1980, the matching grant of federal was withdrawn. Thus from 1980 to date, the historical trend of funding takes a different dimension. The full burden of funding has to rest on the State Government. These periods of 1980 to date have shown characteristics of financial squeeze for the country as a whole and Hassan Usman Katsina Polytechnic is also affected. The State Government started to find it difficult to cope with the burden of financing the institution and thus the institution desperately tries to discover more sources of generating revenue. Internal revenue sources had to be expended to include:

i. Charges from medical laboratory service
i. Rent out of student dinning hall and kitchen equipment
i. Sales of from student demonstration farm
i. Renting out academic gown and facilities

FOOTNOTES

1. Federal Government of Nigeria: National Development Plan for Nigeria 1962 – 1968.

1. Report: National Conference on Manpower Constraints

   Lagos, December, 1978, p. 98

1. Hassan Usman Katsina Polytechnic: Five Year Development Plans 1981 – 1985 p. 70 and 1988-92 p.6

1. P. E. Idogwu: Improving Revenue Collection in Hassan Usman Katsina Polytechnic (Unpublished June 1980) p. 43

1. Memo to Board of Governors of Hassan Usman Katsina Polytechnic;

   26 – 6 – 81

1. Memo to Board of Governors of Hassan Usman Katsina Polytechnic;

   20 – 1 – 77

1. Hassan Usman Katsina Polytechnic: Approved Annual Estimates 1977/78 p. 6-7

CHAPTER FOUR

PRESENTATION AND ANALYSIS OF DATA

Presented in this chapter is the analysis of the information collected from the sources indicated in the methodology/section. In the analysis, emphasis has been laid on analyzing the sources of revenue generation and process of collection as well as sources of funds in Hassan Usman Katsina Polytechnic.

1.0 SOURCES OF REVENUE IN HASSAN USMAN KATSINA POLYTECHNIC

In Nigeria, like in most part of the world, the laws establishing institutions of higher education normally stipulates the sources of revenue for the institutions. Section 5 (1) of the decree which established Hassan Usman Katsina Polytechnic defined the sources from which revenue could be obtained by the institution. Section 5(1) states, that "the revenue of the board shall include:

a) Fees charged by and payable to the board in respect of students and amounts, charges or dues recoverable by the board;
a) Income from time to time accruing by way of subventions and grants-in-aid;
a) Endowments; donations and legacies.
a) Interest on investments and
a) Money borrowed" [12.]

From these sources, Hassan Usman Katsina Polytechnic years collected its revenues. The institution also makes internal arrangement for

generating revenue. This is known as internal sources of revenue. These sources shall be discussed in detail later in this chapter.

For the purpose of proper analysis, better understanding and recommendation later, it is considered ideal to look at the level of contributory performance of the revenue sources over a period longer than covered by the project.

TABLE 4.1

SELECTED SOURCES OF REVENUE IN HASSAN USMAN KATSINA POLYTECHNIC FROM 1980 -1984

	1980		1981		1982		1983		1984	
	BUDGETED	RECEIVED	BUDGTED	RECEIVED	BUDGTED	RECEIVED	BUDGETED	RECEIVED	BUDGETED	RECEIVED
Course fees	14,000	155,314	110,000	393,043	210,000	1,780,923	900,000	1,814`296	1,500,000	2,081,197
Exam. Fees	5,000	2,605	6,000	7,170	6,500	6,218	6,500	14,042	25,000	22,021
Sales of admission forms	100,000	105,916	150,000	152,887	200,000	197,000	300,000	307,238	300,000	350,000
Farms receipts	50,000	44,150	60,000	65,957	100,000	55,964	100,000	60,338	100,000	93,944
Training Restaurants	-	-	10,000	5,233	10,000	10,766	11,000	9,412	11,000	9,695
Survey Project	32,000	1,000	40,000	500	40,000	38,075	60,000	-	100,000	-
Consultancy Fees	-	-	-	35,814	25,000	11,069	50,000	19,825	200,000	407,822
Revenue from Printing	-	9,358	40,000	13,644	40,000	23,987	20,000	11,380	25,000	5,504
Interest on Bank Deposit	35,000	550,000	500,000	855,190	600,000	1,233,494	100,000	450,000	50,000	229,437

Source: Hassan Usman Katsina Polytechnic Approved Annual Estimates 1980 - 85

TABLE 4.2

SELECTED SOURCES OF INTERNAL REVENUE IN HASSAN USMAN KATSINA POLYTECHNIC FROM 1985 -1988

	1985		1986		1987		1988	
	BUDGETED	RECEIVED	BUDGTED	RECEIVED	BUDGTED	RECEIVED	BUDGETED	RECEIVED
Course fees	2,000,000	2,320,590	2,000,000	642,315	2,500,000	4,676,559	2,500,000	618,484
Exam. Fees	25,000	33,171	25,000	46,591	50,000	88,589	90,000	93,648
Sales of Application forms	350,000	363,375	350,000	321,428	525,000	503,798	525,000	304,338
Farms receipts	140,000	64,432	140,000	30,020	100,000	8,985	75,000	25,211
Training Restaurants	11,000	12,024	11,000	8,254	11,000	14,754	11,000	10,375
Survey Project	-	-	-	-	-	-	-	-
Consultancy Fees	500,000	82,341	500,000	278,769	600,000	49,565	600,000	2,750
Revenue from Printing	33,000	15,293	33,000	13,278	33,000	39,093	33,000	9,493
Interest on Bank Deposit	100,000	5,897	100,000	1,213,605	500,000	3,095,288	2,000,000	1,609,261
Receipts from banks	12,000	5,401	12,000	1,611	12,000	4,715	12,000	1,272
Staff School Receipts	95,000	104,620	95,000	113,260	146,500	119,420	146,500	100,891
Sales of Unserviceable items	40,000	46,390	40,000	16,074	10,000	427	10,000	34,820

Source: Hassan Usman Katsina Polytechnic Approved Annual Estimates 1984 – 88

The following table 4.3 show revenue accruing from internal source from 1980 – 1987. This source of revenue does not contribute in financing capital expenditure funding of the institution.

TABLE 4.3

YEAR	TOTAL RECEIVED REVENUE	REVENUE FROM INTERNAL SOURCE	LEVEL OF INTERNAL CONTRIBUTION %
1980	18,273,524	1,422,149	7.7
1981	26,551,663	2,100,269	7.9
1982	13,728,125	3,145,540	22.9
1983	12,784,096	3,242,889	25.3
1984	24,276,474	4,029,524	16.5
1985	28,115,037	4,565,037	16.2
1986	27,208,329	3,758,329	13.8
1987	36,421,231	12,421,231	34.1
1988	-	-	-
1989	-	-	-

Source: Hassan Usman Katsina Polytechnic Approved Annual Estimate 1978 - 1989

1.0.0 Subvention:

This avenue of revenue collection primarily rests on the state government. Up to date state provided 100% of the subventions to the polytechnic.

Table 4.4. below shows the level of revenue from subventions over the years. This source has been singularly responsible for the funding of all polytechnics capital expenditure needs. [2] It is also responsible for the bulk of the recurrent expenditure needs.

TABLE 4.4

REVENUE FROM SUBVENTIONS FROM 1980 – 1989

YEAR	TOTAL RECEIVED REVENUE	REVENUE FROM SUBVENTIONS	LEVEL OF SUBVENTION CONTRIBUTION %
1980/81	18,273,524	16,601,395	90.8
1981/82	26,551,663	23,471,394	88.3
1982/83	13,728,125	9,584,615	69.8

1983/84	12,784,096	9,541,207	74.6
1984/85	24,276,747	20,247,223	83.4
1985/86	27,809,000	24,000,000	86.3
1986/87	29,177,100	24,000,000	82.3
1987/88	32,650,100	24,000,000	73.5
1988/89	41,203,000	32,208,000	78.2
			80.8

Source: Hassan Usman Katsina Polytechnic Annual Approved Estimate 1980/89.

1.0.0 Grants-in-aid:-

This is one of the main sources of revenue generation by Hassan Usman Katsina Polytechnic. The revenue realized from this source are as follows:

In 1980, Bank of the North gave the institution the sum of N250,000 for the purchase of equipments for the department of agricultural mechanization. [8]

As reported by Idogwu 1986, Hassan Usman Katsina Polytechnic authority in March 1983, approached private organizations, namely, United Bank for Africa, Nigerian National Petroleum Corporation and First Bank for aid grants but the responses from these organizations were negative. In similar manner, the governments of Romania, Czechoslovakia, Hungary, Poland, Bulgaria, USSR and Netherlands were approached in September 1983, for aid-grants for the development of the institution's fledging departments of Chemical and Mining Engineering but only Hungary, Czechoslovakia and Netherlands responded positively. The aids which they provided were not in cash. Hungary agreed to supply technical equipments, Netherlands promised to supply personnel and equipments. All these aids were an exchange basis rather than a free or unilateral aid from these countries. [9]

1.0.0 Loans:-

Loan is one of the various sources of revenue available to Hassan Usman Katsina Polytechnic. Between 1982 and 1983, the institution resorted to bank over-draft to pay its staff salaries and wages. This was the period when the state government failed to release recurrent subventions to the institutions on regular basis.

Another occasion when the institution resorted to borrowing was when it had to guarantee motor-car and bicycle loan to its staff members.

1.0.0 Unidentified Internal Sources of Revenue

There are also some other sources of revenue open to the institution which can be described as "unidentified sources of revenue". These sources are called unidentified because they do not readily lead to earning of liquid cash but the activities within them lead to income saving for the school and workers within the school. These sources can be examined as follows:

1) **Work Departments:-**

The department of works, through the hand work of the qualified and experienced professionals in the department can plan, design and execute the institution's building projects and so save the huge amount of money paid out every year to private contractors. The amount saved from this investment arrangement can become available for financing other necessary projects.

2) **Department of Accounting and Finance:-**

This department has professional accountants who can carry out the auditing of the institutions accounts and save huge money paid to private firm for this purpose; but they can equally do the same for government departments and private organizations for a fees.

3) **Department of Marketing, Purchasing and Supply:**

A joint interview with the departmental head and some lecturers revealed that the department can undertake marketing advices to business organizations, government and even private individual that are in need. If a counseling and or consultancy unit is set up in the department, there would be patronage of the services by the private sector, government and private individuals. This is a potential source of revenue generation that has not yet been exploited.

4) **Department of Architecture and Building:-**

Experts in this department have said that their skill and intelligence in designs and quantity surveying have not benefited the society since as public servants they can only work for their employers and not for private gain. In other words, the potentiality of the department has not been exploited to generate revenue for the institution.

5) **Department of Electrical Engineering:**

According to the report (Idogwu 1986) the department has carried a research and has developed a movement detector for which it has been granted patent. A lot of fund can be realized from this unique invention if produce in commercial

quantity and sold to security agencies and other people or organizations that may need it to check trespass on properties and burglary.

6) Department of Mechanical Engineering:

This department is also well developed and highly equipped. The staff of the Workshop help to repair cars of members of staff free of charge. The department has a machine tool production unit which also fabricate spare parts of cars, of staff members, official duplication machines and typewriters. If the services of the department can be organized on a commercial basis, a lot of revenue can be realized for the institution.

7) Department of Technical Education:-

The education technical department teaches carpentry, metal work, electrical installations and brick work to its students. The department can equally organize this services on a commercial basis to private firms, government institutions and individuals that may require them.

This can bring in substantial revenue to the institution. The department also has sophisticated equipments for training in these trades and which can be used also for medium scale production of furniture, doors and windows frame and ornamental metal and woodwork. Thus, the department has great potential for generating revenue for the institution if properly organized for the purpose.

1.0.0 Partially Exploited Internal Sources of Revenue:

During the period of this study discussions and interviews with some of the departmental staff revealed that some of the internal sources of revenue are

partially exploited and if effective management is applied, there is the possibility of expand these sources for greater generation of fund for the institution. The department can be shown as follows:

i) **Printing Technology Department:-**

The department of printing technology with its modern equipment can earn a lot of revenue for the Polytechnic for more than what it is generating now; if adequate printing materials can be made available to the unit. According to Idogwu 1986, the head of the department of printing unit said that but for lack of printing materials the unit with its modern equipments can earn a lot revenue for the Polytechnic far more than it is now generating. Because of lack of materials students of the Polytechnic and neighbouring institutions are taking their research projects to third-rate book binders in the town. So if the school authority can improve the condition of supply of materials to the unit, more revenue can be generated form that unit.

ii) **Office of Inservice Examinations:-**

At moment, the charges or rates collected by Hassan Usman Katsina Polytechnic subject is far too low compared to the rates collected by other external examination bodies such as West African Examination Council (WAEC), Pitman, Institute of Chartered Accountants of Nigeria, Institute of Bankers etc. While these external examination bodies charges per subject varies from N100:00 and above, Hassan Usman Katsina Polytechnic is as little as N40:00. Thus, the suggestion is to increase the charge per subject in parity with other external bodies for examinations conducted by the unit.

iii) **Internal Audit Department:**

This department is charged with the responsibility of auditing the polytechnic accounts and make reports and recommendations to the management of the institution.

The unit is also to ensure that all monies due to the polytechnic are collected by the appropriate units. The department is having a lot of trouble trying to get the accounts department, the Student Affairs registries and the Academic department to enforce measures that would compel student to pay their course fees, Inspite of the measures to be taken, students get registered and accepted in class without paying their fees. Thus many students started and completed their courses without paying their course fees. Revenue generation from this base can increase substantially if strict measures can be taken to prevent students from going away with their fees.

FOOTNOTES

1. Federal Republic of Nigeria: Hassan Usman Katsina Polytechnic decree No. 20 of 1968 Vol. 55 of May 1968. p. 62A

1. P. E. Idogwu: Revenue Collection in Hassan Usman Katsina Polytechnic 1986. P. 43

1. Rector, Hassan Usman Katsina Polytechnic Memo to the Minister of Education
   Lagos 31-8-82

1. Bank of the North covering letter dated 18 – 3 –80.

1. Correspondence between Hassan Usman Katsina Polytechnic and Embasis of some Western Countries between September 1983 to October 1984.

CHAPTER FIVE

1.0 REVENUE COLLECTION IN HASSAN USMAN KATSINA POLYTECHNIC

The enabling law of Hassan Usman Katsina Polytechnic did not set guidelines on the method of revenue collection. Thus, the institution has no document of its own that specifies the process of revenue collection. The institution's actions on revenue collection is guided by the relevant provisions of the state financial instructions.[1] According to Idogwu's report 1986, the institutions of and all other instructions issued from time to time by the state. All other members of the owner states have consented to the institution's adoption of the Katsina State's financial instructions.

Sections 0701-0722 of the Katsina State financial instructions prescribe the following guidelines for collection and receipt of revenue.

(a) Save where expressly provided, every officer who receives money on behalf of government shall give a receipt upon the prescribed form for each sum paid to him, and temporary unofficial receipts must not be given.

(a) Except where receipt books or licensed books are specifically printed for particular purposes, General Receipts (Form TNR6) shall be used by all Sub-Accountants or Treasury cashiers.

(a) Except where receipt books or license books are specifically printed for revenue collection, revenue collector's receipt (Form TNR64) shall be used by all revenue collectors. The original shall be delivered to the prayer by the officers who issue the receipts. The duplicate shall be used

to support the payment of collections to the Sub-Local Treasury by the revenue collector. The triplicate shall be retained in the book.

(a) Every revenue collector shall keep a cash book in which all payments to a Sub-accountant or other prescribed officer shall be promptly recorded. Such payments shall be made promptly and in no case less frequently than may be directed by a revenue collector's paying in form (TNR 48) and the duplicate receipts.

(a) It is the duty of the revenue collector to instert on the paying in form the number and title of the Head and Sub-head to which the collection are been credited, but the receiving sub-accountant shall in each case verify so far as he is able that the classification is correct.

(a) Revenue collector must tender a separate set of paying in form (TNR48) for each Sub-head of revenue concerned and for each separate set of paying in forms Treasury receipt.

(a) Every revenue collector shall submit his cash book and all receipt books for examination at the nearest Sub/local Treasury, at such fixed intervals as the Accountant General may prescribed. Exhausted receipt books previously submitted need not be produced.

(a) All receipt entries in the revenue collectors cash book shall include the data and numbers of all receipts issued. The revenue collector shall obtain an official receipt for all monies paid in and shall paste this receipt in his cash book and record its date and number on the payment side of his cash book.

(a) In fixing interval for paragraphs (d – g) above at which collections should be paid in a revenue collector's cash book should be produced for examination, the Accountant General shall take into consideration the number of transactions, the amount of money collected, the facilities available to revenue collectors for the safe custody of their cash and traveling time involved, Unless there are exceptional circumstances, the intervals at which revenue collector's cash book is produced for examination shall not be greater than one month. The Accountant General will supplement routine check as far as possible by surprise inspections at offices concerned .

(a) Sub-Accountants are responsible for seeing that revenue collectors duly pay in their collections and produce their books for examination in accordance with paragraphs (d-h) above and will maintain an up-to-date chart for this purpose which should be examined at least once each week.

(a) When revenue collector pay in his collection the Sub-accountant must verify the paying in forms (TNR 48) with the supporting duplicate revenue collector's receipts and licenses to be included in his monthly accounts. When a revenue collector produces his cash book for examination at Sub-local treasury, the sub-accountant must check the receipt entries in the revenue collector's cash book against the book copies (duplicate or triplicate as the case may be) of the revenue collectors receipts and licenses, and check the payment entries with the treasury receipts issued to him. The revenue collectors cash book must be ruled off and balanced, and cash or its equivalent must be produced. The examining officer, shall initial and date in ink the revenue collector's cash book after he is satisfied that all monies received have been correctly accounted for.

(a) Sub-Accountants who functions as revenue collectors shall bring their collections to account direct in their sub-accountant's cash books, the receipts being acknowledged on general receipt form (TNR6).

In an officer who is neither a revenue collector nor a sub-accountant comes into possession of government moneys, he shall issue an official receipt. The lodgement shall be supported by a paying in form (TNR45). When accepting such lodgement, the sub-accountant shall ascertain whether the officer is likely to come into possession of further government moneys, and if so, shall arrange that the officer is supplied with an official receipt book and is there after dealt with as a revenue collector.

(n) It is the duty of the officer controlling a revenue head or sub-head to ensure that the are in operation in his ministry adequate and up-to-date rules for revenue collection approved by the Accountant General, and that they are fully implemented.

(a) Subject to paragraph (p) below, and unless the sub-accountant shall expressly authorize otherwise, all stations where there is branch of the bank in which government account is kept, collections shall be paid into account, the relevant bank credit slip being tendered to the sub-accountant in lieu of cash.

(a) Collections paid into the credit of the government account at a bank under paragraph (0) above shall not include any cheque drawn on a bank at another station which shall be paid directly to the sub-accountant.

(a) Any unexplained surplus cash shall be promptly brought to account as receipt and placed on deposit. Subject to the specific approval of the Accountant-General such surplus may be withdrawn from deposit to make good a subsequent deficiency provided that the deficiency is directly attributable to the correction of the error which caused the apparent surplus.

(a) No deduction shall be made form any revenue collection or other receipt. The gross amount received must always be accounted for in full. The procedure for refunds of revenue, overpayments and recoveries is prescribed under chapter 27 of the financial instructions.

(a) Officers shown in Estimates as being responsible for revenue collection will render a return on Treasury form 44 of all revenue outstanding at the end of each financial year which is uncollected at six months before the end of the year in which the return is made. Arrears relating to each financial year will be shown separately. Copies of each return will be forwarded to the Accountant General and the director of Audit by 6 months to end of each financial year. "Nil" are required.

(a) Submission of arrear of revenue return in no way absolve the officers responsible for the collection of revenue from taking all necessary actions to collect arrears or to secure approval to abandon them. It

should be made clear in the remark column in the detailed returns that such actions is been taken.

Note that in Hassan Usman Katsina Polytechnic the Bursar is equivalent to the Accountant-General. Thus the Bursar acts in collection process like the Accountant-General described in this section of the write up.

1.0.0. Mode of Revenue Collection in Hassan Usman Katsina Polytechnic

Except in the sale of admission application forms, nearly all collections of internal revenue for Hassan Usman Katsina Polytechnic have been in accordance with 5.1.1 (a). [2] With respect to the sale of admission application forms, according to the Accountant, revenue collectors are supplied a number of forms and made to account for them later. No receipt is issued for sales. The official receipt, admission application forms (and indeed all other security documents) of the Polytechnic are printed by the printing unit of the institution.

The admission application forms printed for a particular give year are counted and dispatched to the school Bursar who in turn distributed the forms in batches to the accountants in charge of the accounting offices of each of the three campuses of the Polytechnic. The Accountants in turn distributes the forms to the designated revenue collectors who sell them on cash or postal order or bank draft as the case may be. These collectors do not issue receipt to buyers for money collected in exchange for the forms.

The Accountant checks the amount of revenue collected from forms sold and balance it against the number of forms unsold. "By rule this check suppose to be

daily. But some Accountants do it twice a week while others prefer it once a week". [3]

Movement of revenue from the collector until lodgement in the bank, is done in accordance to the guidelines in section 5.1.1. (b) – (t) above.

From the above explanation, it is clear that revenue collection in Hassan Usman Katsina Polytechnic have been in keeping with the prescribed guidelines in 5.1.1. above.

5.1.2 **Observations and Finding of the Project**

Observations:-

From the discoveries in chapter 3, 4, and 5, the following findings are made:-

I. The enabling law of Hassan Usman Katsina Polytechnic for business enterprise for the sake of generating funds, but the managers of the institution did not utilize the opportunity. The liberal revenue generation and collection policies pursued led to low internally generated revenue.

I. Table 4.1 shows that collected revenue form most of the listed sources of revenue are more than budgeted revenue from those sources. This means that the planners of the institution's budget have a conservative approach to revenue generation. The consistency of surpluses over the period of observation shows that the planners refused or failed to recognized the value of revenue generation in the institution.

I. From 1980, internally collected revenue show increasing trend in the years when subventions were lowest (1982-83) collection rose very high. The trend came down to 16% for 1984 and 1985 and down-wards again to 13.8% in 1986. This shows poor management and collection of revenue on the part of the Polytechnic and especially that there is assurance of subvention payments. Refer to table 4.4 for this observation.

I. The guidelines for collection of revenue in the institution as spelt out in chapter five, (5.1.1) above stipulates that intervals should be prescribed when revenue collectors should submit cash book and receipts for examination, 5.1.1. (g). The guideline also require sub-accountants who collect revenue to record receipts in their cash book and issue receipts to payers of revenues. The revenue collected be lodged with the bank account of the organization without delay.

5.1.4 **Findings:-**

I. As pointed out in chapter 4.1., table 4.4. internally collected revenue has never made significant contribution to the financing of Hassan Usman Katsina Polytechnic.

I. Table 4.5 also shows that Hassan Usman over depends on funds from subventions from the state government who is the financier of the institution.

I. The worsening financial situation of the institution is attributable to the insignificant internally collected revenue and the dwindling subvention receipts from the state government.

I. The institution has more unexploited and partially exploited avenue of generating funds as shown in chapter 4 section (4.1.4).

I. The institution is too liberal in its charges for the services rendered to the public. It can improve its revenue position by raising the current charges upwards to rhyme with inflationary trend in the country.

I. Lack of management technique or foresight also contributed to the financial problem of the polytechnic. This is true from the analysis in this project. While funds were dwindling, enrolment of students was rising astronomically and so also was the cost of maintenance of the students.

I. Conspiracy and negligence on the part of revenue collectors has contributed immensely to the financial predicament of Hassan Usman Katsina Polytechnic. This is true because instance of loss of money from save or drawers of officers are many and cases of failing to lodge the institution's collected revenue with the bank account also are many.

5.1.3 Summary, Conclusion and Recommendations

The study of the financial situation of Hassan Usman Katsina Polytechnic provides an insight into other higher institution of learning in the country. From the facts gathered, the interplay of various factors and the deduction mode in this research reveal that the operation of high institution of learning needs enormous amount of money to be able to cope with the various programmes of the institutions. A large part of this fund normally comes from government. It is observed that higher institutions need to make efforts to generate some of the money they need to supplement the grants and subventions from the government. Institutions that almost depend on government for its funds

requirement mostly run into financial predicament when the grants and subventions are not forthcoming on regular basis. Most higher institutions in Nigeria today are financially constrained because they depend almost wholly on government for funds and in this period of economic recession, grants from government are not forthcoming and where it comes, it is in small amount compared to the period of economic boom. From this experience, Nigerian higher institutions of learning need to research and discover ways of generating their fund requirements.

The facts gathered, from this study reveal the truth that effective fund generation, efficient collection and management of revenue policy play important roles in managing institutions of higher learning.

Higher institutions of learning in the country, Hassan Usman Katsina Polytechnic inclusive need to create conducive atmosphere to impact knowledge. To attain this, objectives, the institutions should have adequate funds available at all times. Form this ideal situation of fund availability to exist, the institutions need to be continually enterprising in revenue generation and collection and also in making friendship with private organizations with a view to enlist their help to finance some of their programmes. In advance countries like America and Britain, some charitable organizations like the Ford Foundation of America, British Petroleum Corporation, Rockefeller Foundation are example of private organizations that finance specific projects in universities in America and Britain. Higher institutions of learning in the country should make exhaustive efforts to exploit all available sources of revenue and possibly invent new ones. There is no sources of money that cannot be exhausted. Thus to depend or rely on a few sources and government permanently for funds required will lead to financial crisis in the future period. Most higher institutions in the country today are facing financial crisis because of over dependence on

government for fund requirements and reliability on few sources of revenue. According to P.E. Idogwu (1986), it is always better and more assuring to endeavour, generate, collect and treasure from as many sources as are available than to take this action only when there is trouble. By the time the trouble settles, some vital trend will have been lost. Based on the findings of this project, the following recommendations are suggested which if implemented will go a long way in alleviating the financial problem of Hassan Usman Katsina Polytechnic.

1. Higher institutions of learning should take more advantage of the legal provisions available to them raising money from various sources to meet their financial needs or requirements. Since government is encouraging public organizations to be self sustaining in their financing, they should seek all the possible avenue of raising funds within the legal provision.

1. Institutions can approach and appeal to rich private organizations and individuals to finance some of their expensive academic programmes. For example the invention of movement detector and remote sensing device in Hassan Usman Katsina Polytechnic (discussed in chapter 4.1.4.(vi) can be developed on a commercial scale through this kind of appeal.

1. Higher institutions in this country should ensure that the rules or guidelines for revenue collections are strictly followed and should be review from time to time to include clauses for specific punishment on officers who violate the rules through fraud or negligence.

1. The institutions should use the experienced and highly skilled manpower in their various fields of studies to carry out some of the institution's development projects instead of giving such jobs out on contract to outsiders.

If this plan is implemented, it will reduce expenses on projects ad hence funds will be conserved for other vital projects.

1. Both the state and federal government should understand that it is just not possible for the institutions to wholly provide funds for their expenditure through internal revenue generation and collection efforts. Therefore, the two levels of government must ensure they live up to their responsibilities by making adequate funds available to the institutions. Government must ensure that education budget each year receives adequate share of fund to enable higher institutions operate effectively.

1. Effective management should be installed in the higher institutions in the country. The people employed to manage the affairs of the institutions should be people who are skilled and experienced in administration. They should be people who have experience in planning and policy implementation. They should be able to forecast fairly well into the future. More importantly such managers should have good knowledge of financial management. They should be able to generate and collect revenue for the institutions to supplement government financial support.

1. It is the finding of this study that in most institutions in Nigeria, there are many avenues for generating revenue for the institutions but such avenues have not been discovered by the school management. The managers of higher institutions can generate funds from such unidentified sources or revenue. Such unidentified sources are discussed in detail in chapter four section (4.1.4).

1. Also efforts should be made by the school managers to exploit fully some partially exploited internal sources of revenue as pointed out in chapter four

FOOTNOTES

1. Katsina State: Financial Instructions and Guidelines:
1. P. E. Idogwu: Revenue Collection in Hassan Usman Katsina Polytechnic, June 1986 (unpublished), p. 57
1. Hassan Usman Katsina Polytechnic: File No. 8/PER 625
1. Hassan Usman Katsina Polytechnic: File No. 8/PER 337
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1. Hassan Usman Katsina Polytechnic: HUKPOLY/S/PER 1403
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